GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:67
ANSWERED ON:26.02.2002
PRICE OF UREA
JAGDAMBI PRASAD YADAV

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the imported urea is cheaper than the urea produced in the country;

(b) if so, the reasons therefor; and

(c) the steps taken by the Government so that the urea produced in the country may be cheaper than the imported urea?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS (SHRI S B MOOKHERJEE)

(a) to (c): Yes Sir, the weighted average production cost of urea at present in the country is higher than the prevailing international price. This is primarily on account of higher cost of feedstock/raw materials in India. On the other hand urea plants in the exporting countries are generally based on natural gas and compared to those countries, in India the delivered cost of natural gas is far higher. The feedstock cost of plants based on naphtha and fuel oil/low sulphur heavy stock (LSHS) is still higher. Efforts are underway for switching over to imported Liquefied Natural Gas (LNG) for manufacture of urea, hich is expected to be cheaper than naphtha. However, even then the cost of indigenous urea may still be higher, due to high transport cost of LNG. Pricing of liquid petroleum products viz. naphtha, fuel oil, LSHS at import parity price by domestic oil refineries, installation of energy saving measures such as purge gas recovery unit etc. and promoting technological improvements for improving energy efficiency in urea are some of the measures taken by the Government/urea manufacturers towards reducing the cost of production of urea in the country.